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**BELLSOUTH**

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December 8, 1997

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Washington, DC 20554

RECEIVED  
DEC 8 - 1997  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Ex Parte in CC Docket 97-208

Dear Ms. Salas:

This is to inform you that on December 8, 1997, F. Duane Ackerman, David J. Markey, and the undersigned, all of BellSouth, met with Commissioner Furchtgott-Roth, Kevin Martin, Paul Misener, and Melissa Waksman, all of the Commission.

The purpose of the meeting was to discuss BellSouth's Section 271 petition for South Carolina and why its approval by the Commission would prompt competitive local exchange carriers to provide local telephone service to residential customers.

Pursuant to Section 1.1206(a)(2) of the Commission's rules, two copies of this notice are being filed with the FCC. Please associate this notification with the above-referenced proceeding.

Sincerely,



cc: Commissioner Furchtgott-Roth  
Kevin Martin  
Paul Misener  
Melissa Waksman

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## Resale Versus Rebundling

The chart below represents a comparison of discounts on residential and business service that would be available to CLECs from two perspectives:

- (1) A pure resale option, using the state-approved resale discount
- (2) A rebundling option in which the CLEC purchases the required Unbundled Network Elements, such as loop, port, etc., for combination into a retail service. This option does not include the price of a "glue charge" that BellSouth might charge to do the actual rebundling for a CLEC.

The conclusion is that rebundling is not the solution to residential competition and any glue charge that might be constructed only exacerbates the problem. By contrast, when the same analysis is applied to business customers, unbundling always produces a significantly greater discount. For instance, in South Carolina, the effective discount for resold business service is 13.1%, while the unbundling discount is 58.7%. Furthermore, in the business environment we already have a substantial amount of facilities based competition without this discount. For residence, the comparable numbers are 12.5% resale discount and 6.6% unbundling discount.

<b>EFFECTIVE AVERAGE LOCAL DISCOUNT</b>						
<b>STATE</b>	<b>RESIDENTIAL</b>			<b>BUSINESS</b>		
	<b>RESALE</b>	<b>UNBUNDLED</b>		<b>RESALE</b>	<b>UNBUNDLED</b>	
<b>AL</b>	14.4%	19.6%	\$6.04	14.9%	62.8%	\$41.68
<b>FL</b>	17.7%	-0.7%	(\$0.20)	14.3%	45.9%	\$26.20
<b>GA</b>	17.2%	31.3%	\$10.26	15.2%	67.9%	\$46.81
<b>KY</b>	14.0%	1.2%	\$0.33	13.7%	60.6%	\$42.82
<b>LA</b>	17.8%	-6.2%	(\$2.03)	18.0%	43.3%	\$26.11
<b>MD</b>	13.7%	-6.0%	(\$2.07)	14.0%	55.3%	\$41.28
<b>NC</b>	17.8%	11.8%	\$3.73	15.2%	58.5%	\$38.61
<b>SC</b>	12.5%	6.6%	\$2.05	13.1%	58.7%	\$43.76
<b>IN</b>	13.2%	13.7%	\$3.95	14.0%	58.9%	\$40.55

**Includes:**

Loop, port, usage  
Vertical services  
Access  
SLC

**Excludes:**

CLEC costs of any kind  
"glue" charge for rebundling  
toll revenue  
USF support